

MINUTES OF STATE FISCAL ACCOUNTABILITY AUTHORITY MEETING

October 23, 2018 – 9:30 A. M.

The State Fiscal Accountability Authority (Authority) met at 9:30 a.m. on Tuesday, October 23, 2018, in Room 252 in the Edgar A. Brown Building, with the following members in attendance:

Governor Henry McMaster, Chair;
Mr. Curtis M. Loftis, Jr., State Treasurer;
Mr. Richard Eckstrom, Comptroller General;
Senator Hugh K. Leatherman, Sr., Chairman, Senate Finance Committee; and
Representative W. Brian White, Chairman, Ways and Means Committee.

Also attending were State Fiscal Accountability Authority Executive Director Grant Gillespie; Authority General Counsel Keith McCook; State Auditor George Kennedy; Governor's Deputy Chief of Staff Mark Plowden; Treasurer's Chief of Staff Clarissa Adams; Comptroller General's Chief of Staff Eddie Gunn; Senate Finance Committee Budget Director Mike Shealy; Ways and Means Chief of Staff Daniel Boan; Authority Secretary Delbert H. Singleton, Jr., and other State Fiscal Accountability Authority staff.

Adoption of Agenda for State Fiscal Accountability Authority

Upon a motion by Senator Leatherman, seconded by Mr. Eckstrom, the Authority adopted the agenda as proposed.

Minutes of Previous Meeting

Upon a motion by Mr. Eckstrom, seconded by Mr. Loftis, the Authority approved the minutes of the August 21, 2018, Authority.

Blue Agenda

Upon a motion by Mr. Loftis, seconded by Senator Leatherman, the Authority approved blue agenda items #1, #4, and #5 as noted herein.

Upon a motion by Mr. Eckstrom, seconded by Senator Leatherman, the Authority approved blue agenda item #2 as noted herein.

Upon a motion by Senator Leatherman, seconded by Rep. White, the Authority approved blue agenda item #3. All members voted for blue agenda item #3, with exception of Mr. Loftis.

Mr. Loftis voted against blue agenda #3.2 concerning the University of South Carolina's procurement certification, but voted for the remainder of blue agenda item #3.

State Treasurer's Office: Bond Counsel Selection (Blue Agenda Item #1)

In accord with Authority policy, the Authority received the State Treasurer's Office report on the assignment of bond counsel as information.

CONDUIT ISSUES:

Description of Issue	Agency/Institution (Borrower)	Bond Counsel	Issuer's Counsel
\$35,000,000; Education Facilities Revenue Bonds; Series 2018 (South Carolina Jobs-Economic Development Authority – "SC JEDA")	High Point Academy Conduit: SC JEDA	Pope Flynn	Haynsworth Sinkler Boyd
\$12,500,000; Economic Development Revenue Bonds; Series 2018 (South Carolina Jobs-Economic Development Authority – "SC JEDA")	Jasper Pellets, LLC Conduit: SC JEDA	Parker Poe	Pope Flynn
\$100,000,000; Residential Care Facilities Revenue and Revenue Refunding Bonds; Series 2018 (South Carolina Jobs-Economic Development Authority – "SC JEDA")	SC Episcopal Home at Still Hopes Conduit: SC JEDA	Haynsworth Sinkler Boyd	Howell Linkous Nettles
\$21,000,000 Multifamily Housing Revenue Bonds	Killian Terrace Conduit: SC State Housing Finance and Development Authority	Howell Linkous Nettles	Tracey Easton, General Counsel

GENERAL OBLIGATION / REVENUE ISSUES:

Description of Issue	Agency/Institution	Approved Bond Counsel
\$5,250,000; USC GO State Institution Refunding Bonds; Series 2019	University of South Carolina	Pope Flynn

Information relating to this matter has been retained in these files and is identified as Exhibit 1.

Department of Administration, Facilities Management and Property Services: Real Property Conveyance (Blue Agenda Item #2)

The Authority approved granting the following real property conveyance as recommended by the Department of Administration, Facilities Management and Property Services:

Controlling Agency:	Department of Commerce, Division of Public Railways
Acreage:	2.74 ± acres together with a 57,790 square foot building
Location:	1255 9 th Street, North Charleston
County:	Charleston
Purpose:	To dispose of surplus real property.
Price/Transferred To:	To be determined//Not less than appraised value
Disposition of Proceeds:	To be retained by the Department of Commerce's Division of Public Railways pursuant to Proviso 93.19.

Mr. Eckstrom noted that the property being disposed has an appraised value of \$1.5 million, but is being disposed for less than that. He asked what was the basis for doing so. Ashlie Lancaster with the Department of Administration appeared before the Authority on this matter. She asked Mr. Eckstrom for clarification of his question noting that all of the property was received pursuant to a 2012 agreement with the City of North Charleston. She said there was no actual exchange of cash at that time. She stated that an appraisal of all the parcels was done and the value of this property was booked at \$1.085 million at that time. Mr. Eckstrom commented that he understands the current appraised value is \$1.5 million. Ms. Lancaster indicated that is correct. Mr. Eckstrom asked if the disposition was going to be higher than the imputed value at acquisition. Ms. Lancaster said that was correct.

Information relating to this matter has been retained in these files and is identified as Exhibit 2.

Division of Procurement Services: Procurement Audits and Certifications (Blue Agenda #3)

In accordance with Section 11-35-1210 of the South Carolina Consolidated Procurement Code, the Division of Procurement Services audited the following agencies and recommended certification within the parameters described in the audit reports for the following agency for a period of three years.

1. **Clemson University:** supplies and services, \$3,000,000* per commitment; information

technology, \$3,000,000* per commitment; consultant services, \$3,000,000* per commitment; revenue generating contracts, \$15,000,000 per commitment; construction contract award, \$4,000,000 per commitment; construction contract change order, \$500,000 per change order; architect/engineer contract amendment, \$100,000 per amendment.

*Total potential purchase commitment whether single year or multi-term contracts are used.

The internal controls of the Clemson University's procurement system are adequate to ensure compliance, in all material respects, with the South Carolina Consolidated Procurement Code and ensuing regulations as described in the audit report. The Division recommended that the Authority certify Clemson University's procurement authority at the limits above.

2. **University of South Carolina:** supplies and services, \$3,000,000* per commitment; information technology, \$3,000,000* per commitment; consultant services, \$3,000,000* per commitment; revenue generating contracts, \$15,000,000 per commitment; construction contract award, \$4,000,000 per commitment; construction contract change order, \$500,000 per change order; architect/engineer contract amendment, \$100,000 per amendment.

*Total potential purchase commitment whether single year or multi-term contracts are used.

The internal controls of the University of South Carolina's procurement system are adequate to ensure compliance, in all material respects, with the South Carolina Consolidated Procurement Code and ensuing regulations as described in the audit report. The Division recommended that the Authority certify the University of South Carolina's procurement authority at the limits above.

3. **Winthrop University:** supplies and services, \$250,000* per commitment; information technology, \$250,000* per commitment; consultant services, \$250,000* per commitment; construction contract award, \$200,000 per commitment; construction contract change order, \$50,000 per change order; architect/engineer contract amendment, \$25,000 per amendment.

*Total potential purchase commitment whether single year or multi-term contracts are used.

The internal controls of Winthrop University's procurement system are adequate to ensure compliance, in all material respects, with the South Carolina Consolidated Procurement Code and ensuing regulations as described in the audit report. The Division recommended that the

Authority certify Winthrop University's procurement authority at the limits noted above.

Mr. Eckstrom noted with regard to the USC audit that there seemed to be many more exceptions identified in the audit than is typically seen, especially in one of the State's sophisticated higher education institutions. He asked what affect do the findings have on the recommendation to increase the procurement limits. He said he understands that limits are increased, but that occurs after an entity has demonstrated that it has effective internal controls in place and the procurement audits are clean. He noted the recommendation has been made for certification increase in this case even though there seems to be many more exceptions than is typically seen. John White, Materials Management Officer, appeared before the Authority on this matter. Mr. White stated that the problems at USC were with staff outside of their procurement office. He said the exceptions involved people who would not do procurements that required competition. He stated that no problems were found with USC's procurement staff and that certification is geared toward work that their procurement staff would be doing. Mr. Eckstrom asked if oversight by USC's procurement staff included staff outside their procurement office. Mr. White replied that it does and that USC has acknowledged work needs to be done with staff outside of their procurement office to ensure that they understand and adhere to the procurement requirements.

Mr. Eckstrom further asked if the missing documents that USC was asked to produce had many exceptions. Crawford Milling, Audit and Certification Director, stated that the exceptions are not related to the missing documents that were eventually produced. Mr. Eckstrom asked how many exceptions are needed before no recommendation is made for an increase in certification. Mr. Milling said that given the size of USC's business operations he did not think that the exceptions were substantial enough to give him concern about USC's procurement staff. Mr. Eckstrom asked Mr. Milling if his assessment pertained to the number of exceptions or the dollar amount, to which Mr. Milling responded his assessment pertains to both. Mr. Eckstrom said he did not agree concerning the dollar amount. He commented that if staff is not able to process small dollar items, questions are raised in his mind as to how effective they are at overseeing higher dollar procurements. Mr. Eckstrom noted that Clemson made it through its audit with very few exceptions. He stated that says to him that the controls at one institution are more effective than at the other. Mr. Eckstrom further commented that the procurement audits

need to be taken more seriously than they are and he commended Mr. White and Mr. Milling for the audit work Procurement Services does.

Mr. Loftis noted that he was struck by the small dollar amount involved with the exceptions. He also asked if USC asked for the certification increase. Mr. White stated that USC asked for the increase and that their initial request was larger. He said after a conversation with USC they revised their request. Mr. Loftis asked if increasing the certification limit would increase or lower the cost of education. Mr. White said his speculation is that it would have no impact on the cost of education at USC. Mr. Eckstrom commented that it can have an impact on how the public feels about USC's stewardship of public money.

The Authority granted procurement certifications, in accord with Section 11-35-1210, for the following agencies within the parameters described in the audit report for the following limits (total potential purchase commitment whether single-or multi- year contracts are used):

1. **Clemson University:** supplies and services, \$3,000,000* per commitment; information technology, \$3,000,000* per commitment; consultant services, \$3,000,000* per commitment; revenue generating contracts, \$15,000,000 per commitment; construction contract award, \$4,000,000 per commitment; construction contract change order, \$500,000 per change order; architect/engineer contract amendment, \$100,000 per amendment.

*Total potential purchase commitment whether single year or multi-term contracts are used.

2. **University of South Carolina:** supplies and services, \$3,000,000* per commitment; information technology, \$3,000,000* per commitment; consultant services, \$3,000,000* per commitment; revenue generating contracts, \$15,000,000 per commitment; construction contract award, \$4,000,000 per commitment; construction contract change order, \$500,000 per change order; architect/engineer contract amendment, \$100,000 per amendment.

*Total potential purchase commitment whether single year or multi-term contracts are used.

3. **Winthrop University:** supplies and services, \$250,000* per commitment; information technology, \$250,000* per commitment; consultant services, \$250,000* per commitment; construction contract award, \$200,000 per commitment; construction contract change order, \$50,000 per change order; architect/engineer contract amendment, \$25,000 per amendment.

*Total potential purchase commitment whether single year or multi-term contracts are used.

Information relating to this matter has been retained in these files and is identified as Exhibit 3.

Executive Director: Revenue Bonds (Blue Agenda Item #4)

The Authority adopted resolutions approving the referenced proposals to issue revenue bonds.

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| a. | Issuing Authority: | Anderson County |
| | Amount of Issue: | Not Exceeding \$28,750,000 Special Source Revenue Bonds (\$3,940,000 refunding involved) |
| | Allocation Needed: | -0- |
| | Name of Project: | Wastewater System Improvements for Economic Development |
| | Employment Impact: | The project will support more than 2,000 positions announced in the last year and is anticipated to directly result in 1,000 more as a result of increased capacity. |
| | Project Description: | Anderson County is experiencing significant economic growth in the I-85 corridor. To accommodate such growth and meet the infrastructure demands of industrial prospects, the County has determined that not exceeding approximately \$24 million in new wastewater infrastructure is necessary. The County also proposed refunding all existing (approximately \$4 million) special source revenue bonds. |
| | Bond Counsel:
(Exhibit 4) | Gary T. Pope, Jr., Pope Flynn, LLC |
| | | |
| b. | Issuing Authority: | State Housing Finance and Development Authority |
| | Amount of Issue: | Not Exceeding \$21,000,000 Multifamily Housing Revenue Bonds |
| | Allocation Needed: | -0- |
| | Name of Project: | Killian Terrace |
| | Employment Impact: | N/A |
| | Project Description: | to provide financing for the acquisition and construction of a 288-unit apartment development located in the City of Columbia, Richland County, South Carolina |
| | Bond Counsel:
(Exhibit 5) | Samuel W. Howell, IV |

Executive Director: Economic Developmnt (2018 Ceiling Allocation (Blue Agenda Item #5)

The initial balance of the 2018 state ceiling allocation is \$527,558,745. In accord with Code Section 1-11-520, \$211,023,498 (40% of the total) was designated as the state pool and \$316,535,247 (60% of the total) was designated as the local pool. There is presently a state ceiling balance of \$505,233,745 remaining for 2018. Allocation requests for 2018 totaling \$96,500,000 have been received thus far.

The recommendation from the Department of Commerce for allocations for this cycle totaled \$25,500,000. The Department of Commerce made the following recommendation for allocation from the local pool:

JEDA Jasper Pellet, LLC (Jasper County), \$12,500,000; and
JEDA Lexington Memory Care (Lexington County), \$13,000,000.

In accord with S.C. Code of Laws Section 1-11-500, et seq., JEDA (Jobs-Economic Development Authority) requested that the allocations of \$13,000,000 for the Lexington Memory Care project be designated as carryforward for use in subsequent years. The project is an exempt facility (i.e., qualified residential rental bonds) under Section 142 of the Internal Revenue Code and is eligible for carryforward for the next three calendar years. The Authority was asked to authorize the filing of a carryforward election with the Internal Revenue Service provided that the bonds have not been issued on or before the ceiling allocation expiration date of December 31, 2018.

Authority approval of the recommended requests, will leave an unexpended state ceiling balance of \$479,733,745 (state pool - \$211,023,498; local pool - \$268,710,247) to be allocated later in the calendar year.

In accord with Code Section 1-11-500 et seq. and upon the recommendation of the Department of Commerce, the Authority granted the following tentative ceiling allocation from the local pool:

JEDA Jasper Pellet, LLC (Jasper County), \$12,500,000; and
JEDA Lexington Memory Care (Lexington County), \$13,000,000.

In accord with S.C. Code of Laws Section 1-11-500, et seq., the Authority designated the allocation of \$13,000,000 for the Lexington Memory Care project as carryforward for use in subsequent years and authorize the filing of a carryforward election with the Internal Revenue

Service provided that the bonds have not been issued on or before the ceiling allocation expiration date of December 31, 2018.

Information relating to this matter has been retained in these files and is identified as Exhibit 6.

Dept. of Administration, Capital Budget Office: Permanent Improvement Projects (R#1)

The Authority was asked to approve permanent improvement project establishment requests and budget revisions as requested by the Department of Administration, Capital Budget Office. All items were reviewed favorably by the Joint Bond Review Committee.

Upon a motion by Senator Leatherman, seconded by Mr. White, the Authority approved permanent improvement project establishment requests and budget revisions as requested by the Department of Administration, Capital Budget Office as noted herein. All members voted for the item with exception of Mr. Loftis. Mr. Loftis voted against the item.

Establish Project for A&E Design

- (a) Summary 2-2019: JBRC Item 1. (H09) The Citadel
Project: 9618, Daniel Library HVAC Replacement
Included in Annual CPIP: Yes – 2017 CPIP Priority 1 of 2 in FY18 (estimated at \$1,500,000) & 2018 CPIP Priority 2 of 4 in FY19 (estimated at \$2,340,000)
JBRC/SFAA Phase I Approval: N/A

CHE Recommended Approval: 9/6/18

<u>Source of Funding</u> <u>Detail</u>	<u>Original Budget</u> <u>Amount</u>	<u>Cumulative</u> <u>Changes Since</u> <u>Original Budget</u>	<u>Current Budget</u>	<u>Current Budget</u> <u>Adjustment</u> <u>Requested</u>	<u>Total Budget</u> <u>After Current</u> <u>Adjustment</u>
Other, Gifts	0.00	0.00	0.00	41,550	41,550
All Sources	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>41,550</u>	<u>41,550</u>

Funding Source: \$41,550 Other, Gifts, which are funds donated to The Citadel.

Request: Establish project and budget for \$41,550 (Other, Gift Funds) for the replacement of the steam lines, chilled water lines, five new air-handling units and controls, asbestos abatement, and a new specialized air-handling unit in the archive area of the Daniel Library. Daniel Library is a 3-story masonry building constructed in 1959 and is approximately 56,075 square feet. The original HVAC systems are still operation although they had an expected lifespan of only 20 years. The building houses the library, Citadel museum, faculty and staff offices, the rare

book room and archives. The existing HVAC system is in poor condition with antiquated controls which are beyond repair. The deteriorated condition of the HVAC systems has a negative effect on interior air quality for the students and faculty. System failures would preclude the use of the building and cause damage to the contents and historic artifacts due to humidity and temperature. This project is needed to provide proper heating and air-conditioning in all three floors of the building. The estimated cost to complete the project has increased from the 2017 and 2018 CPIP due to procuring the services of a mechanical engineering consultant in early 2018 to perform a study for this project and it was learned that the HVAC replacement was more in-depth and costly than included in earlier estimates. Since the 2018 CPIP was submitted the study has been completed and several items added cost to the project. The agency estimates total project costs at \$2,770,000.

- (b) Summary 2-2019: JBRC Item 2. (H17) Coastal Carolina University
Project: 9615, Academic Enrichment Center & Auditorium
Included in Annual CPIP: Yes – 2017 CPIP Priority 1 of 2 in FY19 (estimated at \$30,000,000) & 2018 CPIP Priority 1 of 2 in FY19 (estimated at \$28,500,000)
JBRC/SFAA Phase I Approval: N/A

CHE Recommended Approval: 10/4/18

<u>Source of Funding</u> <u>Detail</u>	<u>Original Budget</u> <u>Amount</u>	<u>Cumulative</u> <u>Changes Since</u> <u>Original Budget</u>	<u>Current Budget</u>	<u>Current Budget</u> <u>Adjustment</u> <u>Requested</u>	<u>Total Budget</u> <u>After Current</u> <u>Adjustment</u>
Other, Penny Sales Tax	0.00	0.00	0.00	427,500	427,500
All Sources	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>427,500</u>	<u>427,500</u>

Funding Source: \$427,500 Other, Penny Sales Tax, which was approved in November 2008, started on March 1, 2009 and runs for 15 years. This funding can be utilized for construction, renovation, land acquisition or to offset debt service payment. Penny Sales Tax (SC General Assembly 117th 2008, Section 410-419 Education Capital Sales & Use Tax, Bill 1232). The legislation guarantees that Coastal Carolina University will receive 13.3% of the sales tax collections. The university's portion has averaged \$9,500,000 per year over the last five-year time period, and the balance with the State Treasurer does earn interest.

Request: Establish project and budget for \$427,500 (Other, Penny Sales Tax Funds) to begin plans for construction of a new Academic Enrichment Center. The new center is planned to be a 40,500+ square foot building which will contain approximately 3 computer labs, 12 seminar rooms, 21 offices for faculty and staff, a small study lounge and a large study lounge. The center will be built with an eye toward creating an

environment that will encourage various experiential learning endeavors. This building will be connected to the existing Kimbel Library and Bryan Information Commons to add a cohesiveness between this complex and the existing campus. Connected to the academic space, a 17,000+ square foot auditorium with seating capacity for approximately 1,000 people is planned. These buildings will benefit the entire student body as well as families of incoming students and the surrounding community. This new space will allow for a greater quantity and larger events to be scheduled on campus as well as free up the existing Wheelwright Auditorium to be dedicated to the Theater Department. The university is currently reporting 63.98 square feet of academic/support facilities per FTE student and this project will bring this number up to 70 square feet per FTE student. The average square feet reported by South Carolina comprehensive universities is 107.34 square feet per FTE student. The agency reports, construction of this new building will help bridge this gap, and bring the university closer to fulfilling their mission to nurture an academic learning community and provide a broad range of contemporary technologies, programming and support services. The agency estimates total project costs at \$28,500,000. (See attachment 1 for this agenda item for additional annual operating costs.)

Appearing before the Authority on this item were Dr. Ralph Byington, Provost and Executive Vice President, and David Frost, Chief Financial Officer, for Coastal Carolina University. Mr. Loftis asked how is the project going to be paid for. Dr. Byington said funding will come from the penny sales tax and \$3 million in general appropriations. He noted that the project is fully funded. Mr. Loftis asked how many students are in the theater department. Dr. Byington said there are about 150 students in the department. In response to comments from Mr. Loftis, Dr. Byington further stated that the Wheelwright Auditorium will be used for more than just theater, but that it will be used for music and their general operations as well. Dr. Byington commented that when Wheelwright was initially built, Coastal had 3,000 students and now they have 10,000 students. He stated that the demand on the facility has been tremendous and that it is very difficult coordinating the general use of the facility and have the capacity needed for the music and theater department. Mr. Loftis commented that he does not know how the State is going to continue to sustain these building projects. He noted that he searched for evidence of overcrowding and did not find any. Mr. Loftis raised concern about the impact the project may have on student debt. Dr. Byington said that debt is not being incurred for the

project and that it is being funded by the penny sales tax. He said they have completely accumulated the money to fund the project. Mr. Loftis said that instead of building something new, the money could be used to offset debt service payment.

Mr. Eckstrom asked if the penny sales tax has accumulated to the point that \$25 million is available to which Dr. Byington responded that is correct and that they have \$3 million in appropriations from the Legislature. Mr. Eckstrom asked if any of that money has been committed to other projects. Dr. Byington said none of the money has been committed to other projects.

- (c) Summary 2-2019: JBRC Item 3. (H17) Coastal Carolina University
Project: 9616, Kimbel Library Renovation
Included in Annual CPIP: Yes – 2017 CPIP Priority 2 of 2 in FY20 (estimated at \$2,800,000) & 2018 CPIP Priority 2 of 2 in FY19 (estimated at \$4,000,000)
JBRC/SFAA Phase I Approval: N/A

CHE Recommended Approval: 10/4/18

<u>Source of Funding</u> <u>Detail</u>	<u>Original Budget</u> <u>Amount</u>	<u>Cumulative</u> <u>Changes Since</u> <u>Original Budget</u>	<u>Current Budget</u>	<u>Current Budget</u> <u>Adjustment</u> <u>Requested</u>	<u>Total Budget</u> <u>After Current</u> <u>Adjustment</u>
Other, Institutional Capital Project	0.00	0.00	0.00	60,000	60,000
All Sources	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>60,000</u>	<u>60,000</u>

Funding Source: \$60,000 Other, Institutional Capital Project Funds, which are also referred to as debt service. These funds are set aside by law and restricted to be spent on capital projects only. Debt Service set-aside is currently \$445 per full time student per semester and has been the same amount since Fall 2014.

Request: Establish project and budget for \$60,000 (Other, Institutional Capital Project Funds) to renovate Kimbel Library's HVAC system to include demolition of the entire existing system and installation of a new chilled and hot water system to include air handlers, VAV boxes, boiler, piping, valves, electrical and controls. The removal of the existing HVAC system will require the demolition of the existing ceiling and installation of a new suspended ceiling and associated lighting. In addition, the existing electrical system will need to be upgraded to accommodate the new HVAC and additional lighting. The existing HVAC system has expired its anticipated life expectancy. The current system is 42 years old and will not maintain proper humidity levels for the library. Advantages of a new system include: energy

efficiency, air velocity and quality control, independent and precise temperature control to each zone, and humidity and pressure control. Kimbel Library is 46,674 square feet, was constructed in 1976 making it 42 years old, and as of Fall 2017 it serves approximately 10,663 students, 678 full and part-time instructional faculty, and 30 staff members who are employed within the library. The estimated cost to complete the project increased from the 2017 CIP to the 2018 CIP due to adding a fire sprinkler system and ITS wiring replacements to the renovation, as well as a projected cost increase for the renovation of roughly 8% between 2017 and 2018. The agency estimates total project costs at \$4,000,000. (See attachment 2 for this agenda item for additional annual operating cost savings.)

- (d) Summary 2-2019: JBRC Item 4. (H51) Medical University of South Carolina Project: 9845, Basic Science Building Air Handler Units 3 and 5 Replacement Included in Annual CIP: Yes – 2018 CIP Priority 1 of 4 in FY19 (estimated at \$1,200,000)
JBRC/SFAA Phase I Approval: N/A

CHE Recommended Approval: 10/4/18

<u>Source of Funding</u> <u>Detail</u>	<u>Original Budget</u> <u>Amount</u>	<u>Cumulative</u> <u>Changes Since</u> <u>Original Budget</u>	<u>Current Budget</u>	<u>Current Budget</u> <u>Adjustment</u> <u>Requested</u>	<u>Total Budget</u> <u>After Current</u> <u>Adjustment</u>
Other, FY19 Deferred Maintenance	0.00	0.00	0.00	18,000	18,000
All Sources	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>18,000</u>	<u>18,000</u>

Funding Source: \$18,000 Other, FY19 Deferred Maintenance, which are investment fund deferred maintenance funds. The university adopted RMC (Responsibility Centered Management) in fiscal year 2013 as the budget model. This budgeting model allocates all state appropriations and tuition/fees to the colleges and allocates all grant indirect cost recoveries to the grantee's college or unit. MUSC does not charge a separate plant improvement fee to the students. Under RCM, a Strategic Investment Fund has been created based on a percentage tax on certain college revenue streams. Approximately \$4 million of the Strategic Investment Fund retained by central administration is used to fund facilities and deferred maintenance. The source of funding varies each year and is dependent on what each college has identified as available funding.

Request: Establish project and budget for \$18,000 (Other, FY19 Deferred Maintenance Funds) to proceed with Phase I schematic design to replace the Air Handler Units #3 and #5 in the Basic Science Building. Both units are 23+ years old, past their useful life and need to be replaced. It

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is anticipated that these units can be replaced with a single larger unit. The building and these specific air handling units are 47 years old. There are 8 total air handler units in the building, all varying ages. The 335,663 square foot building houses 300 to 400 faculty and staff. Additionally, the building is a major academic building with 400 to 500 students entering it daily. The 2 air handler units being replaced serve approximately 26,000 square feet of the facility. The agency estimates total project costs at \$1,200,000.

- (e) Summary 2-2019: JBRC Item 5. (H59) Greenville Technical College
Project: 6143, Bldg. 102 Renovation – Barton Campus
Included in Annual CPIP: Yes – 2017 CPIP Priority 4 of 4 in FY19 (estimated at \$12,800,000) & 2018 CPIP Priority 2 of 3 in FY20 (estimated at \$16,750,000)
JBRC/SFAA Phase I Approval: N/A

CHE Recommended Approval: 10/4/18

<u>Source of Funding</u> <u>Detail</u>	<u>Original Budget</u> <u>Amount</u>	<u>Cumulative</u> <u>Changes Since</u> <u>Original Budget</u>	<u>Current Budget</u>	<u>Current Budget</u> <u>Adjustment</u> <u>Requested</u>	<u>Total Budget</u> <u>After Current</u> <u>Adjustment</u>
Other, Local College Plant	0.00	0.00	0.00	390,600	390,600
All Sources	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>390,600</u>	<u>390,600</u>

Funding Source: \$390,600 Other, Local College Plant Funds, which is an accumulation of appropriated funds from Greenville County that are used to perform maintenance and renovations to physical facilities of Greenville Technical College.

Request: Establish project and budget for \$390,600 (Other, Local College Plant Funds) to begin Phase I for the renovation of 44,600 square foot of the 51,400 square foot Building 102, Technical Resource Center, on the Barton Campus. The college will relocate the student services programs to the Barton Campus from an offsite facility approximately 1 mile from the campus to an on-campus building. The Phase I pre-design budget is requested at 2.10% of the estimated project cost and the additional amount will be used to procure a construction manager at risk contractor. The construction manager at risk contractor is essential to the success of the project having the contractor collaborate with the architect in schematic design and cost estimation. This person will be performing preconstruction services associated with Phase I work. The existing TRC building #102 was constructed in 1989-90 so there are many considerations regarding the future renovations. The mechanical systems and existing elevator will need to be evaluated and most likely need to be completely overhauled or replaced due to their age and the

LEED/Green Globe certification requirements. Additionally, due to the anticipated work area comprising over 50% of each floor area the building will need to have an automatic sprinkler system installed. The new, approximately 5,500 gross square foot addition and extensive renovation will consolidate, relocate and expand the Student Services, Student Intake, Financial Aid functions and Administration offices. It will also provide much needed flexible space for cross programmable meetings and counseling for all departments as well as dedicated computer labs for student services access. The renovation is envisioned to include modernization of the main auditorium adjacent to the current main entry and public face of the building, which will improve access to, and visibility of, all programs from Pleasantburg Drive. There is a vision for visitor and accessible parking adjacent to a proposed entry at the new addition that will improve access to Student Services and help make Building 102, TRC, more accessible from both the main public entry as well as the campus side entry. The colocation of Student Services, Student Intake, Financial Aid, and a 21st Century service hub and gathering commons will enhance the student experience and provide support to students from the first day they set foot on the campus to the day they reach their educational goals. The building's main circulation corridors and lobby will function as waiting areas, pre-event auditorium activities, and student support with the additional amenities of café, small retail and student collaborative gathering zones. In addition, this project will be a further development of the 2012 master plan to provide an addition to Building 102, which can provide a link to the pedestrian greenway connection with the Student Center. It also fits into the framework for supplementary exterior space expansions towards the ravine, helping to evolve the heart of campus into a more pedestrian friendly precinct, creating a strong connection between Student Services, the Student Center, and other academic functions on the campus. The estimated cost to complete the project has increased from the 2017 and 2018 CPIP because the project scope has changed. The renovation will be more extensive than originally planned in the CPIP. The need to relocate the Student Intake Services Division, Admissions, Financial Aid, Placement Testing, Advising, Student Records, and the Business Office to the main campus was deemed a higher priority by administration in late summer, after the filing of the 2018 CPIP. The agency estimates total project costs at \$18,600,000. (See attachment 3 for this agenda item for additional annual operating cost savings.)

Mr. Eckstrom asked what the source of funding will be for the project. Jacqueline DiMaggio, Vice President for Finance for Greenville Technical College, appeared before the Authority on this matter. Ms. DiMaggio said the funds are coming from the College's Local

College Plant Fund. She said that as the College has excess revenues over expenses Greenville County, yearly, gives them funds to help support their facilities. She said if there are excess funds the funds are put into the Plant Fund. She said the project is being paid for by those funds that have been saved up over the years. Mr. Eckstrom asked what is currently in the fund. Ms. DiMaggio said they currently have \$22 million designated for the project and they have some money that has been identified through other projects in their master plan.

- (f) Summary 2-2019: JBRC Item 6. (H59) Horry-Georgetown Technical College
Project: 6144, Renovation of Grand Strand Buildings 100, 200 & 300 and Campus
Infrastructure
Included in Annual CPIP: Yes – 2017 CPIP Priority 1 of 3 in FY19 (estimated at
\$15,000,000) & 2018 CPIP Priority 1 of 2 in FY19 (estimated at \$10,000,000)
JBRC/SFAA Phase I Approval: N/A

CHE Recommended Approval: 9/6/18

<u>Source of Funding</u> <u>Detail</u>	<u>Original Budget</u> <u>Amount</u>	<u>Cumulative</u> <u>Changes Since</u> <u>Original Budget</u>	<u>Current Budget</u>	<u>Current Budget</u> <u>Adjustment</u> <u>Requested</u>	<u>Total Budget</u> <u>After Current</u> <u>Adjustment</u>
Other, College	0.00	0.00	0.00	120,000	120,000
All Sources	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>120,000</u>	<u>120,000</u>

Funding Source: \$120,000 Other, College Funds, which are the cumulative excess of revenues over expenses. The college does not impose any fee to its Plant Fund or for capital projects. The Plant Funds are simply the excess of revenues over expenses accumulated over time for the purpose of funding capital projects and for meeting local matching requirements.

Request: Establish project and budget for \$120,000 (Other, College Funds) to renovate buildings 100, 200, and 300 and the associated infrastructure on the college's Grand Strand Campus and to extend the useful lives of these structures. These buildings were originally donated to the college by the former Myrtle Beach Air Force Base in the mid 1990s and include 140,000 square feet of classroom, lab, student services, and faculty office space that support 30 programs of study and more than 3,000 students. The structures range in age from 26 years old to 64 years old and do not comply with modern ADA guidelines. They also lack energy efficient mechanical/electrical systems and require improvements to telecommunications/utility infrastructure, or are otherwise not conducive to modern instructional techniques. The renovations include weatherizing the building envelope; replacing existing windows, roof

and drainage systems; upgrading existing HVAC systems; modernizing selected interior spaces; installing irrigation systems and making landscape improvements; repairing and replacing sidewalks and parking spaces; and upgrading/modernizing the telecommunication and utility infrastructure. The agency estimates total project costs at \$8,120,000.

- (g) Summary 2-2019: JBRC Item 7. (D50) Department of Administration
Project: 6007, M.J. “Dolly” Cooper VC Columbaria Grant-Additional
Included in Annual CPIP: No – The department was unaware of this grant availability until after the 2018 CPIP was submitted.
JBRC/SFAA Phase I Approval: N/A

CHE Recommended Approval: N/A

<u>Source of Funding</u> <u>Detail</u>	<u>Original Budget</u> <u>Amount</u>	<u>Cumulative</u> <u>Changes Since</u> <u>Original Budget</u>	<u>Current Budget</u>	<u>Current Budget</u> <u>Adjustment</u> <u>Requested</u>	<u>Total Budget</u> <u>After Current</u> <u>Adjustment</u>
Other, Interment Fees	0.00	0.00	0.00	18,225	18,225
All Sources	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>18,225</u>	<u>18,225</u>

Funding Source: \$18,225 Other, Interment Fees, which are fees collected for the interment of veterans and/or eligible family member. National Cemetery Administration pays \$762 for each veteran interred and families pay \$300 for the eligible family member interred (Section 25-11-80).

Request: Establish project and budget for \$18,225 (Other, Interment Fee Funds) to obtain a preliminary design and cost estimate in support of the agency’s application for a federal grant for the construction of 980 burial niches. These additional niches are essential for the interment of veterans, which is the mission of the Division of Veterans’ Affairs in the Office of Executive Policy and Programs. The current projects estimate the existing Columbaria will be at capacity within 2.5 years. The cemetery is currently interring 70 veterans/eligible family members per year. The agency estimates total project costs at \$1,215,000.

- (h) Summary 2-2019: JBRC Item 17. (N04) Department of Corrections
Project: 9748, Lieber CI – Video Surveillance System
Included in Annual CPIP: No – The agency continues to have an immense infrastructure to house an incarcerated inmate population. Due to the unpredictability of available funding, projects arise out of emergency or change in security needs as predicated by the actions of inmates or the ever changing inmate population.
JBRC/SFAA Phase I Approval: N/A

CHE Recommended Approval: N/A

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<u>Source of Funding Detail</u>	<u>Original Budget Amount</u>	<u>Cumulative Changes Since Original Budget</u>	<u>Current Budget</u>	<u>Current Budget Adjustment Requested</u>	<u>Total Budget After Current Adjustment</u>
Appropriated State, FY18 Carryforward	0.00	0.00	0.00	15,950	15,950
All Sources	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>15,950</u>	<u>15,950</u>

Funding Source: \$15,950 Appropriated State, FY18 Carryforward Funds.

Request: Establish project and budget for \$15,950 (Appropriated State, FY18 Carryforward Funds) to begin Phase I pre-design for the installation of equipment and dedicated network infrastructure at Lieber Correctional Institution. The items to be installed include fiber optic cable, upgrading existing analog cameras with IP digital cameras, video servers and network racks, additional cameras to provide constant surveillance of the inmate population cameras, securing rooms for the equipment throughout the institution, multiple video management workstations and monitors, interfacing with other security systems such as the perimeter fence detection system, and enhanced recording for evaluation of security events, all of which will enhance the safety and security of the Lieber Correctional Institution. The video surveillance system will be installed in all the housing units and inmate common areas – both for interior and exterior applications. The installation will be accomplished utilizing SCDC's in-house/inmate labor forces. Lieber Correctional Institution was constructed in 1986, making it 32 years old, and can house up to 1,379 inmates and is staffed by 235 individuals. The entire institution will be affected by this project and is 361,000 square feet. The agency estimates total project costs at \$1,063,425.00.

- (i) Summary 2-2019: JBRC Item 18. (N04) Department of Corrections
Project: 9751, Tyger River CI – Housing Units HVAC Replacement
Included in Annual CPIP: Yes – 2018 CPIP Priority 6 of 6 in FY19 (estimated at \$1,800,000)
JBRC/SFAA Phase I Approval: N/A

CHE Recommended Approval: N/A

<u>Source of Funding Detail</u>	<u>Original Budget Amount</u>	<u>Cumulative Changes Since Original Budget</u>	<u>Current Budget</u>	<u>Current Budget Adjustment Requested</u>	<u>Total Budget After Current Adjustment</u>
Appropriated State, FY18 Carryforward	0.00	0.00	0.00	31,500	31,500
All Sources	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>31,500</u>	<u>31,500</u>

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Funding Source: \$31,500 Appropriated State, FY13 Proviso 90.20, Wateree Radium Drinking Water Compliance.

Request: Establish project and budget for \$31,500 (Appropriated State, FY18 Carryforward Funds) to begin Phase I pre-design to replace the existing 37 year old air handler units, boiler and condensing units for the ten (10) housing units located at Tyger River Correctional Institution. The existing air handlers are in poor condition, deficient in providing air flow for heating, having casings that are in poor condition, are not energy efficient, and have exceeded their anticipated useful service life. The scope of work will include the new packaged rooftop units with DX cooling and modulating gas heat. The work will be accomplished by contract construction and SCDC's in-house/inmate labor forces. Each of the ten (10) housing units are approximately 17,000 square feet and were constructed in 1981, making them 37 years old. The HVAC system is original to the buildings. The Tyger River Correctional Institution has 1,200 inmates and 200 staff members. The agency estimates total project costs at \$2,100,000.

- (j) Summary 2-2019: JBRC Item 22. (N04) Department of Corrections
Project: 9752, Water & Wastewater Statewide Maintenance
Included in Annual CPIP: Yes – 2017 CPIP Priority 6 of 6 in FY18 (estimated at \$1,500,000) & 2018 CPIP Priority 3 of 6 in FY19 (estimated at \$3,700,000)
JBRC/SFAA Phase I Approval: N/A

CHE Recommended Approval: N/A

<u>Source of Funding Detail</u>	<u>Original Budget Amount</u>	<u>Cumulative Changes Since Original Budget</u>	<u>Current Budget</u>	<u>Current Budget Adjustment Requested</u>	<u>Total Budget After Current Adjustment</u>
Appropriated State, FY13 Proviso 90.20 (transfer from 9692)	0.00	0.00	0.00	35,000	35,000
All Sources	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>35,000</u>	<u>35,000</u>

Funding Source: \$35,000 Appropriated State, FY13 Proviso 90.20, Wateree Radium Drinking Water Compliance.

Request: Establish project and budget for \$35,000 (Appropriated State, FY13 Proviso 90.20) as a transfer from N04-9692 to begin Phase I pre-design to complete the most critical renovations and equipment upgrades needed for the water treatment facilities and wastewater systems (i.e. wastewater treatment plants, barscreens etc.), to keep system operations compliant with DHEC and local municipal permit requirements. The correctional institutions included in this project are Turbeville, Broad River, MacDougall, Wateree River, Ridgeland and Kershaw. Most of the equipment is original to the construction of each institution and is 20+

years old. The agency estimates total project costs at \$2,340,476.00.

Establish Construction Budget

- (k) Summary 2-2019: JBRC Item 23. (H12) Clemson University
Project: 9937, Center for Manufacturing Innovation Building Renovation
Included in Annual CPIP: Yes – 2017 CPIP Priority 7 of 7 in FY18 (estimated at \$4,000,000) & 2018 CPIP Priority 1 of 6 in FY19 (estimated at \$4,000,000)
JBRC/SFAA Phase I Approval: December 2017 (estimated at \$4,000,000)

CHE Recommended Approval: 10/4/18

<u>Source of Funding</u> <u>Detail</u>	<u>Original Budget</u> <u>Amount</u>	<u>Cumulative</u> <u>Changes Since</u> <u>Original Budget</u>	<u>Current Budget</u>	<u>Current Budget</u> <u>Adjustment</u> <u>Requested</u>	<u>Total Budget</u> <u>After Current</u> <u>Adjustment</u>
Other, Maintenance & Stewardship	75,000	0.00	75,000	3,925,000	4,000,000
All Sources	<u>75,000</u>	<u>0.00</u>	<u>75,000</u>	<u>3,925,000</u>	<u>4,000,000</u>

Funding Source: \$4,000,000 Other, Maintenance and Stewardship, which are tuition, matriculation and other debt retirement and plant transfers revenues that are not formally obligated to fund debt service in the current period and that are transferred to and managed by the State Treasurer until the time of their State Treasurer approved qualified use.

Request: Increase budget to \$4,000,000 (add \$3,925,000 Other, Maintenance & Stewardship Funds) to establish the Phase II construction budget to renovate approximately 10,000 square feet in the Center for Manufacturing Innovation Building (CMI) at CU-ICAR for the Clemson Composites Center (CCC). The CMI is a joint venture between Clemson University and Greenville Technical College (GTC) with support from the SC Department of Commerce and major private corporations, such as BMW, to provide an educated workforce to growing automotive and advanced manufacturing industries in SC. The CMI building was approved by CHE, JBRC and SFAA in 2014 and was constructed by Greenville Technical College at the CU-ICAR campus. This project represents Clemson's contribution to the joint venture. The Clemson Composites Center will provide a certificate program in Advanced Manufacturing for Clemson undergraduates, as well as new programs that will be offered by GTC. The space currently has finished walls, concrete floors, lighting, fire protection, alarm systems and HVAC. The renovation will provide the infrastructure to support the CCC's equipment to be installed in the facility. The work will include demolishing floors and providing new foundations,

constructing a structural mezzanine for equipment and storage, constructing a chemical lab for the center, making HVAC, electrical, plumbing and related upgrades to accommodate the renovations, and constructing an exterior loading area for heavy truck traffic. In addition to providing a certificate program for Clemson students, the CCC will provide an advanced research facility for Clemson Automotive Engineering with state-of-the-art instruments and equipment. It will be available for research and industry trials that will contribute to the success of composite material suppliers in SC and make the region more attractive for those contemplating a move. It will allow researchers, working closely with companies, to speedily translate the results of their research into products and companies to test their ideas before entering the marketplace. The renovated space will be used by approximately 35 graduate and undergraduate students, 3 faculty members and 4 staff. Additionally, engineers working for industry clients of the center will also use the facility. The agency estimates total project costs at \$4,000,000. (See attachment 4 for this agenda item for additional annual operating costs.) The agency anticipates execution of the construction contract in November 2018 and completion of construction in October 2019.

- (I) Summary 2-2019: JBRC Item 24. (H51) Medical University of South Carolina
Project: 9835, MUSC/SCEO PEER Program Energy Performance Contract 2016
Included in Annual CPIP: No – This project was initiated via SCEO PEER program
JBRC/SFAA Phase I Approval: November 2016 (estimated cost unknown)

CHE Recommended Approval: 10/4/18

<u>Source of Funding Detail</u>	<u>Original Budget Amount</u>	<u>Cumulative Changes Since Original Budget</u>	<u>Current Budget</u>	<u>Current Budget Adjustment Requested</u>	<u>Total Budget After Current Adjustment</u>
Other, E&F Operating	675,000	0.00	675,000	0.00	675,000
Other, Master Lease Program	0.00	0.00	0.00	29,325,000	29,325,000
All Sources	<u>675,000</u>	<u>0.00</u>	<u>675,000</u>	<u>29,325,000</u>	<u>30,000,000</u>

Funding Source: \$675,000 Other, Engineering & Facilities Operating Funds, which are department generated funds for facilities services provided to others in the university. \$29,325,000 Other, Master Lease Program Funds, which are from the State Treasurer Master Lease Program.

Request: Increase budget to \$30,000,000 (add \$29,325,000 Other, Master Lease Program Funds) to establish Phase II to proceed with full design and construction for participation in the South Carolina Energy Office's PEER program. In Phase I MUSC entered into a contract with

AMERESCO Inc. of Charlotte NC to perform an investment grade audit to identify potential energy savings measures in all MUSC buildings. AMERESCO was selected from a group of three applicants using the RFQ/RFP process in accordance with the SC Consolidated Procurement Code. Energy conservation measures identified to be implemented include lighting system improvements, modifications to control sequence of operations, air handling units condensate recovery, mechanical insulation and building envelope improvements, replace electric and steam reheat with hot water, chiller plant optimization, and variable primary flow conversion. The energy performance contract will impact almost every building on MUSC's campus which will total 6,818,090 square feet. The agency estimates total project costs at \$30,000,000. (See attachment 5 for this agenda item for additional annual operating cost savings.) The agency anticipates execution of the construction contract in December 2018 and completion of construction in February 2021.

- (m) Summary 2-2019: JBRC Item 25. (D50) Department of Administration
Project: 9994, LLR Dorm Building #9 Renovation
Included in Annual CPIP: Yes – 2017 CPIP Priority 2 of 4 in FY18 (R36 – LLR; estimated at \$3,927,000) & 2018 CPIP Priority 1 of 5 in FY19 (R36 – LLR; estimated at \$3,677,039)
JBRC/SFAA Phase I Approval: October 2017 (estimated at \$3,677,039)

CHE Recommended Approval: N/A

<u>Source of Funding Detail</u>	<u>Original Budget Amount</u>	<u>Cumulative Changes Since Original Budget</u>	<u>Current Budget</u>	<u>Current Budget Adjustment Requested</u>	<u>Total Budget After Current Adjustment</u>
Other, LLR Fire Insurance Inspection Tax	55,156	0.00	55,156	3,667,234	3,722,390
All Sources	<u>55,156</u>	<u>0.00</u>	<u>55,156</u>	<u>3,667,234</u>	<u>3,722,390</u>

Funding Source: \$3,722,390 Other, LLR Other, Fire Insurance Inspection Tax Funds, which are other operating funds in the Division of Fire & Life Safety and generated from 1% insurance funds authorized by statute requiring a portion of the tax on the fire insurance premiums collected in SC to be directed to the Division of Fire and Life Safety to be used for operation as well as capital improvement projects and support at the State Fire Academy.

Request: Increase budget to \$3,722,390 (add \$3,667,234 Other, LLR Fire Insurance Inspection Tax Funds) to establish Phase II to procure and proceed with Phase II professional services and construction to renovate the SC Fire Academy (SCFA) Dormitory Building 9 at the Monticello

Road campus. The scope of work will address deferred maintenance needs and performance issues as well as recommend upgrades identified in the August 2017 feasibility study. The intent of the renovation is to remodel all rooms within the 3-story dormitory. The scope of work will include determining a solution for condensation issues within the building, remodel for better energy efficiency, modernize all rooms, replace plumbing, fixtures, alarm system, and provide better technology within the rooms for the students to use while on the SCFA site in order to continue with work obligations while on campus for work-related training. An evaluation of the dry-pipe fire sprinkler system is necessary to determine the need for repairs or replacement. The 23 year old dormitory was constructed in 1994 and is 22,752 square feet. The building systems are also original to the building. Approximately 6,000 persons occupy the dormitory on an annual basis. The agency estimates total project costs at \$3,722,390. The agency anticipates execution of the construction contract in March 2019 and completion of construction in August 2019.

Phase II Increase

- (n) Summary 2-2019: JBRC Item 32. (N04) Department of Corrections
Project: 9737, Security Perimeter Netting System at Level 2 & 3 Correctional Institutions
Included in Annual CIP: Yes – 2018 CIP Priority 2 of 6 in FY19 (est. w/ \$1,400,000 increase)
JBRC/SFAA Phase I Approval: January 2017 (estimated at \$7,560,000)
JBRC/SFAA Phase II Approval: May 2017 (estimated at \$7,560,000)

CHE Recommended Approval: N/A

<u>Source of Funding</u> <u>Detail</u>	<u>Original Budget</u> <u>Amount</u>	<u>Cumulative</u> <u>Changes Since</u> <u>Original Budget</u>	<u>Current Budget</u>	<u>Current Budget</u> <u>Adjustment</u> <u>Requested</u>	<u>Total Budget</u> <u>After Current</u> <u>Adjustment</u>
Appropriated State, FY16 Carryforward	113,400	7,446,600	7,560,000	0.00	7,560,000
Other, FY19 Proviso 65.25 Cell Phone Interdiction	0.00	0.00	0.00	1,190,000	1,190,000
All Sources	<u>113,400</u>	<u>7,446,600</u>	<u>7,560,000</u>	<u>1,190,000</u>	<u>8,750,000</u>

Funding Source: \$7,560,000 Appropriated State, FY16 Carryforward Funds. \$1,190,000 Other, FY19 Proviso 65.25 Cell Phone Interdiction Funds which grants the right to add a surcharge to all inmate pay phone calls to offset the cost of equipment and operations of cell phone interdiction measures.

Request: Increase budget to \$8,750,000 (add \$1,190,000 Appropriated State,

FY18 Carryforward Funds) to cover increased costs due to the addition of skirt netting at all the locations affected, which attaches the security perimeter netting system to the outer perimeter fence to ensure that contraband cannot be passed through any voids between the perimeter fence and netting system. This scope of work for this project remains the same, which is to furnish and install a Security Perimeter Netting System around the security fence perimeter of all the Level 3 and most of the Level 2 Correctional Institutions (total of 11 institutions), to reduce the extensive contraband that SCDC is receiving into the institutions from criminal elements by “throw-overs” of the perimeter fence disguised as footballs, packs, etc. This is another measure making the institutions a more secure environment for the security staff and the inmates. There are approximately 12,626 inmates and 2,346 staff at these institutions. The netting system will consist of fifty-feet (50’) high engineered poles with netting which is made of 1” polyester mesh with a breaking strength of 160lbs. and a 3/8” solid rope border with breaking strength of 5,500 lbs. The netting panels are custom built to meet each correctional institution’s requirements and come with a full 5 year warranty. The agency estimates total project costs at \$8,750,000. The agency also reports the projects date for execution of the construction contract is based on the individual institution. The final three contracts are scheduled to be executed in November 2018 (Kershaw), January 2019 (Turbeville), and March 2019 (Trenton). Completion of construction is scheduled for January 2019 (Kershaw), March 2019 (Turbeville), and May 2019 (Trenton).

Preliminary Land Acquisition

- (o) Summary 2-2019: JBRC Item 37. (P24) Department of Natural Resources
Project: 9985, Greenville-Tall Pines Land Acquisition
Included in Annual CPIP: Yes – 2018 CPIP Priority 14 of 15 in FY19 (estimated at \$4,020,000)
JBRC/SFAA Phase I Approval: N/A

CHE Recommended Approval: N/A

<u>Source of Funding Detail</u>	<u>Original Budget Amount</u>	<u>Cumulative Changes Since Original Budget</u>	<u>Current Budget</u>	<u>Current Budget Adjustment Requested</u>	<u>Total Budget After Current Adjustment</u>
Other, Fish & Wildlife Protection (Timber)	0.00	0.00	0.00	20,000	20,000
All Sources	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>20,000</u>	<u>20,000</u>

Funding Source: \$20,000 Other, Fish & Wildlife Protection (Timber) Funds, which is

income derived from timber harvests on DNR lands that is placed in the Fish and Wildlife Protection Fund. Revenue from this source must be expended by DNR for the protection, promotion, propagation, and management of freshwater fisheries and wildlife, the enforcement of related laws, the administration of the department, and the dissemination of information, facts, and findings the department considers necessary.

Request: Establish project and budget for \$20,000 (Other, Fish & Wildlife Protection (Timber) Funds) to procure investigative studies required to adequately evaluate property prior to purchase. DNR is considering the acquisition of approximately 1,757 acres of land in northwestern Greenville County. The property is offered by the Conservation Fund of Arlington, VA. The property is located on the north and south sides of Moody Bridge Road, in Greenville County, approximately 8 miles north of Travelers Rest. The tract contains upland and wetland areas, four lakes, numerous streams, and frontage along the South Saluda River. The property provides habitat for fish, deer, quail, turkey and small game. After acquisition, the property will be managed to enhance fish and wildlife habitat and provide outdoor recreational opportunities to the public. An appraisal of the property, and Phase I environmental assessment will be obtained by The Conservation Fund. DNR will be named as a qualified user of both documents. The proposed purchase price is \$4,000,000 and will be funded through a \$3,000,000 grant from the SC Conservation Bank, \$500,000 from the SC Heritage Land Trust Fund and \$500,000 from the DNR Fish & Wildlife Protection Fund-Timber account. The agency estimates the land acquisition cost will not exceed \$4,020,000. (See attachment 6 for this agenda item for additional annual operating costs.)

Information relating to this matter has been retained in these files and is identified as Exhibit 7.

University of South Carolina: Division of Procurement Services: Not Exceeding \$5,250,000 General Obligation State Institution Refunding Bonds, Issued on behalf of the University of South Carolina, of the State of South Carolina (Regular Session Item #2)

The Authority was asked to adopt a resolution making provision for the issuance and sale of not exceeding \$5,250,000 General Obligation State Institution Refunding Bonds Issued on behalf of the University of South Carolina of the State of South Carolina.

The proceeds of the bonds will be used for the purpose of (i) effecting a refunding of all or a portion of the maturities of the originally issued \$8,550,000 General Obligation State Institution Bonds, Issued on Behalf of the University of South Carolina, Series 2009B, maturing

in the years 2020 through 2029, currently outstanding in the principal amount of \$4,935,000; and (ii) paying for expenses related to the issuance of such State Institution Refunding Bonds.

The Office of State Treasurer plans to combine this issue with another State borrowing, if practicable, in order to reduce costs of issuance assignable to this issue. Cost of issuance amounts are based on standard fee schedules for counsel and rating agencies and past experience, and may vary with market conditions.

Upon a motion by Senator Leatherman, seconded by Mr. Eckstrom, the Authority adopted a resolution making provision for the issuance and sale of not exceeding \$5,250,000 General Obligation State Institution Refunding Bonds, Issued on behalf of the University of South Carolina, of the State of South Carolina.

Information relating to this matter has been retained in these files and is identified as Exhibit 8.

Division of Procurement Services: Proposed Procurement Regulations (Regular #3)

On August 21, 2018, the Authority approved the drafting of procurement related regulations and submission of a Notice of Drafting to the State Register for publication. The regulations under consideration are designed to prescribe best practices for Division and agency procurement staff and to clarify existing law. An executive summary and the proposed regulations were attached as part of the agenda item.

Mr. Eckstrom asked why January 2, 2019, is the suggested date for the public hearing. He said the date is a day that is virtually assured not to get public attention. He said if the intent is to get public input, January 2nd is not the date to ask for a public hearing. Mr. McCook stated that given the timeline to submit the regulations to the General Assembly and to the State Register, pushed the timing for the public hearing close to the start of the legislative session. Mr. McCook said if the proposed regulations are not submitted to the General Assembly on January 2nd, after the time for the hearing has passed, the Division will not meet the 120 day requirement that regulations sit with the General Assembly. He said had the process started at the beginning of the year this would not have been done. Mr. McCook noted that no one has ever requested a hearing on procurement regulations promulgated by the Authority. He said the expectation is that there will not be a hearing and, if there is, there will be not time for the Authority to convene

and conduct a hearing per statute and the proposed regulations would be withdrawn. He said staff would come back to the Authority if the regulations are withdrawn to start the process over and for approval of a more convenient time for the Authority to conduct a hearing

Mr. Eckstrom further asked why a more convenient date could not have been put into the current motion. Mr. McCook said the only way to have put a more convenient date in the motion was to start the process earlier which was not done in this case. He said the regulations must be sent to the State Register by January 2nd to meet the 120-day requirement. Mr. McCook said moving the hearing back into the current year would not comply with the statute that requires 30 days publication in the State Register before a hearing can be held.

Upon a motion by Rep. White, seconded by Senator Leatherman, the Authority:

- (a) Approved the proposed revisions to the procurement regulations (i) for publication in the State Register as proposed regulations, as required by the Administrative Procedures Act, and (ii) for submission to the General Assembly for legislative review, as required by the Administrative Procedures Act; provided, however, that the regulations shall not be submitted for legislative review if a public hearing is requested as required by Section 1-23-110(3), unless such request is withdrawn.
- (b) Approved the scheduling of a public hearing by the Board, to be held in accordance with Section 1-23-111, for January 2, 2019, at 10:00 AM in Room 252 of the Edgar A. Brown Building, State House Grounds, if such hearing is requested as required by Section 1-23-110(3).

Information relating to this matter has been retained in these files and is identified as Exhibit 9.

Office of the Comptroller General: Proviso 117.58 (Regular Session Item #4)

Proviso 117.58 requires a report from the Comptroller General to the State Fiscal Accountability Authority of any agencies that do not submit audited financial statements by October 1 of each year.

Mr. Eckstrom stated that the Comprehensive Annual Financial Report (CAFR) is the reason the item is before the Authority. He noted that it is principally used by the investment community. He stated that he is on a very fixed timeline which is why the proviso is in the

Appropriation Act year after year. He said every year there are a couple of agencies that do not comply with the proviso. He said the proviso requires that he report to the Authority those agencies that do not comply. He stated that two agencies have not provided audited financial statements which are incorporated in the CAFR. Mr. Eckstrom stated that one of the agencies is the Department of Employment and Workforce. He stated that he spoke with the agency's Executive Director just prior to the meeting to work through the impasse to get the information he needs. He further stated that the other agency is South Carolina State University (SCSU). He noted that SCSU has made improvements over the years in providing its financial statements and that there is room for improvement. Mr. Eckstrom stated that he has not received SCSU's financial statement.

Upon a motion by Mr. Eckstrom, seconded by Senator Leatherman, the Authority received as information a report from the Comptroller General on agencies that have not submitted audited financial statements per Proviso 117.58.

Information relating to this matter has been retained in these files and is identified as Exhibit 10.

State Fiscal Accountability Authority: Future Meeting (Regular Session Item #5)

Upon a motion by Mr. Eckstrom seconded by Senator Leatherman, the Authority agreed to meet at 10:00 a.m. on Tuesday, December 11, 2018, in Room 252, Edgar A. Brown Building. The Authority also approved the following meeting schedule for 2019:

DATE	TIME
Tuesday, January 29	9:30 a.m.
Tuesday, March 5	9:30 a.m.
<i>Tuesday, April (May) TBD</i>	<i>9:30 a.m.</i>
Tuesday, June 18	10:00 a.m.
Tuesday, August 13	10:00 a.m.
<i>Tuesday, October TBD</i>	<i>10:00 a.m.</i>
Tuesday, December 10	10:00 a.m.

Adjournment

The meeting adjourned at 10:05 a.m.

[Secretary's Note: In compliance with Code Section 30-4-80, public notice of and the

agenda for this meeting were posted on bulletin boards in the office of the Governor's Press Secretary and in the Press Room, near the Authority Secretary's office in the Wade Hampton Building, and in the lobbies of the Wade Hampton Building and the Edgar A. Brown Building at 9:00 a.m. on Monday, October 22, 2018.]